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INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 7086
RUEHLM/AMEMBASSY COLOMBO PRIORITY 7404
RUEHKA/AMEMBASSY DHAKA PRIORITY 2735
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 5446
RUEHLO/AMEMBASSY LONDON PRIORITY 6570
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 3184
RUEHSA/AMEMBASSY PRETORIA PRIORITY 0276
RUEHCI/AMCONSUL KOLKATA PRIORITY 4718
RUEHGV/USMISSION GENEVA PRIORITY 2390
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3625
RHEFDIA/DIA WASHDC PRIORITY
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RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000782

SIPDIS

E.O. 12958: DECL: 07/06/2019

TAGS: [PGOV](#) [PHUM](#) [KDEM](#) [NP](#)

SUBJECT: NEPALI CONGRESS PARTY WEATHERS MAOIST STORM

Classified By: Charge d' Affaires, a.i., Jeffrey A. Moon. Reasons 1.4 (b/d).

11. (C) SUMMARY: A long-time confidant of Nepali Congress (NC) party leader G.P. Koirala believes the current government will survive Maoist challenges in the coming months and that the Maoists may join the governing coalition by the end of 12009. Two influential NC "Young Turks" take the opposite view, arguing the Maoists are defining the political agenda and will succeed in bringing down the current government. They blame their own NC leadership for failing to develop a proactive agenda. End Summary.

12. (C) The following report draws on two August 20 meetings: Charge's meeting with Suresh Chandra Chalise, a long-time confidant to NC leader G.P. Koirala and Nepal's Ambassador-designate to the United Kingdom; and Emboff's meeting with Constituent Assembly (CA) members Gagan Thapa, a 33-year old leader of NC's "Young Turks," and Nabindra Raj Joshi, another young NC CA member directly elected from central Kathmandu.

MAOISTS TO BLAME

13. (C) Chalise expressed frustration over Nepal's current political stalemate and, not surprisingly, attributed the problem to the Maoists. The NC does not trust the Maoists, Chalise said, because the Maoists have repeatedly espoused a commitment to the democratic process while repeatedly acting to undermine democracy. He recalled, for example, that the NC and the Maoists agreed to work together to end the monarchy, but that the Maoists refused further cooperation after they won a plurality in the CA election. Similarly, the Maoists originally agreed with the NC proposal to establish a "high-level mechanism" to resolve differences between the major political parties. The United Nations Security Council subsequently endorsed that approach, but the Maoists have now backed away from their earlier commitment. Thapa and Joshi agreed the Maoists cannot be trusted.

COMMITMENT TO DEMOCRACY DOUBTED

14. (C) According to Chalise, the Maoists need to prove their commitment to the democratic process and said the international community should press for them to abide by democratic principles. Chalise claimed that the Maoists invariably espoused democracy and the democratic process

during conversations with international observers, but their private statements and party literature revealed their true, undemocratic intentions. He welcomed the Maoists to join -- but not to lead -- a coalition government that included the NC. He categorically denied rumors that the NC and the Maoists might reach an agreement to form a new government under Maoist leadership. (Note: UNMIN was the source of that rumor.)

VIEW FROM THE TRENCHES

15. (C) NC "Young Turks" Thapa and Joshi agreed that the Maoists must be forced into accepting democratic principles. In stark contrast to Chalise, both suggested the root of the current crisis is the lack of leadership and strategic thinking in the Nepali Congress. The NC has not taken a single step to counter even the shallowest and most transparent Maoist lies. Neither asked for international community pressure on the Maoists. Instead, they -- particularly Thapa -- said the NC has to aggressively confront the Maoists. The party needs to reinvent its campaign tactics and community outreach, but both were doubtful the current NC leadership was up to the challenge.

FUTURE OF THE CURRENT GOVERNMENT

16. (C) Thapa and Joshi were skeptical the current government would survive through October due, in large part, to the absence of an alternative political message from their own party. They said the Maoist proposal of federalist states

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based on ethnic boundaries, which is opposed by the NC and Communist Party of Nepal-United Marxist Leninist (UML) parties, would eventually win over the ethnic minority parties in government and cause the current coalition to collapse.

17. (C) Chalise, on the other hand, had no doubt the current government would survive the series of protests the Maoists have announced for the coming month. He predicted the protests would "fizzle out" by the end of September and then resume in November. Discounting the possibility the protests could become widespread or spin out of control, he thought it possible that the Maoists might agree to become a governing coalition partner by December 2009. Notably, he raised the possibility that another leader -- perhaps UML leader Jalanath Khanal -- might eventually replace Prime Minister M.K. Nepal to maintain coalition stability, but he refused to elaborate further.

18. (C) Comment: Most observers, including NC's own CA members, are pessimistic the current government will survive without Maoist support. Chalise espoused the established NC thinking and gave no hint that the party leadership is prepared to compromise with the Maoists over the various issues that will test the current government in the coming months.

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